

May 21, 2013

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Director
Department of Community Development
Subject: Mortgage Loan Originating and Underwriting Agreement
with SunTrust Mortgage, Inc.

Executive Summary

The Mortgage Loan Originating and Underwriting Review Committee comprised of staff from the Department of Community Development, the Department of Equal Opportunity/Equity Assurance, the Finance Department and the City Manager's office, prepared a Request for Proposal (RFP) for comprehensive loan program services. The RFP was designed to solicit responses to assist the Department of Community Development in effectively managing the City's homebuyer assistance programs.

Two proposals were received for Mortgage Loan Originating and Underwriting: SunTrust Mortgage, Inc. of Durham, North Carolina, and AmeriNational Community Services, Inc. of Downey, California.

Recommendation

The Department of Community Development recommends that City Council authorize the expenditure of up to \$95,100.00 in General Funds and to accept the proposal provided by SunTrust Mortgage, Inc. for originating and underwriting of all City of Durham's residential mortgage loans and to authorize the City Manager to execute an Agreement for a three-year period beginning June 5, 2013 – June 4, 2016 with SunTrust Mortgage, Inc. in the amount not to exceed \$95,100.00.

Background

SunTrust Mortgage, Inc. has been the originating and underwriting agent for the City for the past 14 years and has been responsible for loan originations, underwriting and closings. During that time, SunTrust has always provided quality service in a timely manner to the City of Durham. SunTrust Mortgage, Inc. originates and underwrites the City's loan in accordance with all State and Federal regulations.

The RFP was issued to receive proposals from qualified persons or firms for the Mortgage Loan Origination and Underwriting and Mortgage Loan Servicing of the City of Durham affordable housing loans to first time homebuyers and loan servicing. The RFP was posted on the City's website December 27, 2012. The proposals were due on January 28, 2013.

Issues/Analysis

The Review Committee reviewed the RFP response for completeness, responsiveness, and capacity based on the following criteria:

- a) Successful operation record and past experience in providing similar services to other cities (5 years);
- b) Respondent is located within a 60 mile radius of Durham;
- c) Designated contact person for City loans;
- d) Proposed minority/women participation;
- e) Indication of financial capability for handling services;
- f) Familiarity with service performance;
- g) Cost of providing services;
- h) Availability of staff;
- i) Insurance coverage;
- j) References; and
- k) Other things considered relevant.

PROPOSAL REVIEWS

Mortgage Loan Originating and Underwriting Services
For Residential Mortgage Loans

Results of Review Committee

	AmeriNational Community Services	SunTrust Mortgage
Understanding of the Project (5 points)	4.33	4.83
Methodology Used for the Project (15 points)	7.42	14.50
Management Plan for the Project (20) points	8.0	18.33
Experience and Qualifications (35 points)	21.00	32.17
Contract Cost (25 points)	15.33	23.00
TOTAL	56.083	92.833

Alternatives

One alternative to contracting with SunTrust Mortgage, Inc. is to reject their proposal and seek another loan origination and underwriting contractor.

Another alternative is to reject the proposal from SunTrust Mortgage, Inc. and assign responsibility for these functions to City staff. This alternative would require hiring additional staff and the purchase of computer software and programs in addition to training. The computer software and licenses would be very costly to the City.

Financial Impact

The City will utilize General Funds to reimburse SunTrust Mortgage, Inc. annually on a projected fee-for-services basis for the following services:

- \$ 1,100.00 (Origination and Underwriting fee per amortized and non amortized loan);
- \$ 150.00 (Subordination preparation and implementation fee);
- \$ 100.00 (Loan Assumption fee); and
- \$ 30.00 (Pre-application review fee per application)

Projected Annual Cost 3-year Agreement

FISCAL YEAR	# OF LOANS/COST	COST
2013 - 2014	25@ \$1,100.00 (Origination/Underwriting) 125@\$30.00 (Pre-application review) 5@\$150.00 Subordinations 2@\$100.00 Loan Assumptions	\$32,200.00
2014- 2015	25@ \$1,100.00 (Origination/Underwriting) 125@\$30.00 (Pre-application review) 5@\$150.00 (Subordinations) 2@\$100.00 Loan Assumptions	\$32,200.00
2015- 2016 (The contract will expire June 30, 2016)	25@ \$1,100.00 (Origination/Underwriting) 75@\$30.00 (Pre-application review) 5@\$150.00 Subordinations 2@\$100.00 Loan Assumptions	\$30,700.00

Total Projections: \$95,100.00

SDBE Requirements

The Equal Opportunity/Equity Assurance Department reviewed the proposal submitted by SunTrust Mortgage, Inc. of Durham, North Carolina and have determined that they are in compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

Attachments

Agreement